

Message Text

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ACTION NEA-10

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FM AMEMBASSY TEHRAN
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E.O. 11652: N/A
TAGS: BBAK, BFOL, ESTC, IR
SUBJ: OVERDUE WTDR AND PL EXPORT TRANSACTION REPORTS
ON IRANIAN COMPANIES

REFS: (A) USDOC 2209, (B) USDOC 6510, (C) USDOC 7692
(D) USDOC 10417, (E) USDOC 19271, (F) USDOC 24247,
(G) STATE 87775, (H) STATE 289816

1. EMBASSY HAS 73 REQUESTS FOR WTDR REPORTS RECEIVED PRIOR TO NOVEMBER 30. THIS TELEGRAM SUBMITS INTERIM REPORTS ON SOME OF THE OLDER OR MORE URGENT REQUESTS, TO BE FOLLOWED BY COMPLETE REPORTS AS RESOURCES PERMIT.

2. INDUSTRIAL DEVELOPMENT AND RENOVATION ORGANIZATION OF IRAN (IDRO, REF A, F, H). IDRO IS A SEMI-AUTONOMOUS ORGANIZATION UNDER THE GENERAL GUIDANCE OF THE MINISTER OF COMMERCE WHICH WAS ESTABLISHED IN 1967 TO DIRECT GOVERNMENT INDUSTRIAL ENTERPRISES. IDRO'S INTERVENTION IN THE ECONOMY IS IN AREAS WHICH THE GOVERNMENT WISHES TO CONTROL FOR STRATEGIC REASONS, OR WHERE THE CAPITAL AND TECHNOLOGICAL START-UP REQUIREMENTS ARE BEYOND THE ROLE OF THE PRIVATE SECTOR. IT NOW HAS SOME 68 AFFILIATES WHICH IT CONTROLS WHOLLY OR IN PART, MANY OF THEM JOINT VENTURES WITH FOREIGN PRIVATE FIRMS AND PUBLIC ENTITIES. IDRO HAS BROUGHT INTO BEING MANY INDUSTRIAL UNITS WHICH WOULD NOT OTHERWISE EXIST IN IRAN, BUT THIS HAS ONLY BEEN POSSIBLE BECAUSE OF THE

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HIGHLY PROTECTED ENVIRONMENT IN WHICH THEY OPERATE, THE DISADVANTAGES OF WHICH ARE BECOMING MORE APPARENT. THE MANAGEMENT OF IDRO ITSELF IS EXCELLENT BY IRANIAN STANDARDS, BUT THE MANAGEMENT OF THE AFFILIATE ENTERPRISES IS THIN AND UNEVEN. RECENT IMPERIAL INSPECTION COMMISSION REPORTS HAVE BEEN HIGHLY CRITICAL OF MANAGEMENT OF SEVERAL LARGE UNITS UNDER IDRO BANNER. CURRENT MANAGING DIRECTOR

(SINCE FEBRUARY 76) OF IDRO, DR. HOUSHANG SABETI, US TRAINED MECHANICAL ENGINEER WHOSE BACKGROUND IS ACADEMIC (DEAN OF INDUSTRIAL FACULTY OF ARYAMEHR TECHNICAL UNIVERSITY); OTHER IDRO OFFICIALS ARE DR. NADER KHORZAD, TECHNICAL VICE PRESIDENT WHO HAS SERVED WITH IDRO SINCE ITS ESTABLISHMENT, DR. DANESHVAR (DEPUTY MANAGING DIRECTOR), DR. SHEBANI (FINANCIAL DIRECTOR), DR. MOSTOFI EMAMI (LEGAL ADVISOR). THE CURRENT GOVERNMENT HAS IN ITS PUBLIC STATEMENTS EMPHASIZED THE NEED FOR DIVESTITURE OF STATE-RUN ENTERPRISES BUT SUCH ACTION WILL BE DIFFICULT TO CARRY OUT.

3. INDUSTRIAL CREDIT BANK OF IRAN (REF E, F) WAS FORMED IN 1956 TO PROVIDE CREDIT TO MANUFACTURING ENTERPRISES BEYOND THAT WHICH COULD BE PROVIDED BY THE PRIVATE BANKS AND LOCAL CAPITAL MARKET. ITS \$100 MILLION IN PAID IN EQUITY IS HELD BY THE MINISTRY OF FINANCE AND ECONOMIC AFFAIRS. ICB IS CONSERVATIVELY MANAGED, PROFITABLE (\$15 MILLION NET BEFORE TAX PROFITS IN 75-76) AND FINANCIALLY SOUND. IT HAS BORROWED MORE THAN \$80 MILLION IN EURO CURRENCY DURING RECENT YEARS FOR RELENDING TO IRANIAN ENTERPRISES. IN SPITE OF RUMORS THAT GOI WOULD LIKE TO DIVEST ITSELF OF ICB AND TURN IT INTO PRIVATE BANK, US FIRMS CAN DEAL IN FULL CONFIDENCE WITH ICB ON ANY PROJECTS WHICH HAVE ITS FINANCIAL SUPPORT.

4. PALMORE INTERNATIONAL (REF B,G) IS AN IMPORTER OF
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ELECTRONIC TESTING AND MEASURING INSTRUMENTATION WHICH WAS FORMED IN 1977 BY IRANIAN BUSINESSMAN WITH LONG EXPERIENCE IN THIS FIELD. DRAFT WTDR WAS PRE-PARED IN PERSONAL CALL ON MR. IRAJ SAVIZ JULY 1977 BUT NOT SENT DUE TO UNRESOLVED QUESTIONS CONCERNING ONE OF HIS PARTNERS. EMBASSY RECOMMENDS ANY PENDING EXPORT LICENSES BE HELD SHORT TIME LONGER UNTIL THESE QUESTIONS CAN BE RESOLVED. CONTACT WITH PALMORE HAS BEEN IMPEDED BY SEVERAL CHANGES OF COMPANY ADDRESS AND PERSONNEL.

5. BERKEH INTERNATIONAL (REF C) HAS BEEN DISSOLVED ALTHOUGH SOME OF ITS PARTNERS ARE DOING BUSINESS UNDER ANOTHER NAME, IRANTRONIKS. RECOMMEND ALL TRANSACTIONS WITH BERKEH/IRANTRONIKS BE DONE ON SECURED BASIS.

6. ITALMONTAGE (REF D) IS LOCAL SALES OFFICE FOR LARGE ITALIAN SUPPLIER OF STRUCTURAL STEEL AND PIPES, MARALDI GROUP OF BOLOGNA.

6. PREPARATION OF WTDRS ON ALL ABOVE COMPANIES EXCEPT BERKEH REQUIRE PERSONAL CALLS, WHICH ARE BEING ARRANGED. EMBASSY WILL ATTEMPT TO REMOVE THESE FIRMS FROM BACKLOG LIST BY

END OF JANUARY.

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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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